

LISA D. NORDSTROM
Lead Counsel
lnordstrom@idahopower.com

October 30, 2020

ELECTRONICALLY FILED

Public Utility Commission of Oregon
Filing Center
201 High Street SE, Suite 100
P.O. Box 1088
Salem, Oregon 97301

Re: Docket No. UM 1710 - Idaho Power Company's 2020 Request for Cost-Effectiveness
Exceptions for Specific Demand-Side Management Electric Measures and Programs

Attention Filing Center:

Public Utility Commission of Oregon ("Commission") Order No. 94-590, issued in Docket No. UM 551, provides for the inclusion of non-cost-effective measures in utility Demand-Side Management ("DSM") programs if those measures meet specific conditions. In addition, Order No. 15-200, issued in Docket No. UM 1710, requires Idaho Power Company ("Idaho Power" or "Company") to request approval, on an annual basis, of exceptions articulated in Order No. 94-590 for these measures so they may continue to be offered to Oregon customers through the Company's DSM program portfolio.

As part of its 2020 annual review, Idaho Power has identified certain measures offered under the residential and irrigation sectors require new cost-effectiveness exceptions. Cost-effectiveness exceptions for the Company's commercial and industrial sector will be evaluated as part of an upcoming update to Schedule 89, Commercial and Industrial Energy Efficiency, to be filed before year end.

For the residential sector, Idaho Power requests cost-effectiveness exceptions for the Welcome Kit measure offered as part of Give-Away Opportunities contained in Schedule 71, Educational Distributions, and ten measure combinations included in the Rebate Advantage Manufactured Home Incentives Program ("Rebate Advantage") contained in Schedule 87, Manufactured Housing Energy Efficiency Programs. For the Company's irrigation sector, Idaho Power requests cost-effectiveness exceptions for two measures, 1) new flow control nozzles, and 2) new or rebuilt wheel-line levelers offered as part of the Menu Option of Schedule 27, Irrigation Efficiency Rewards Program.

Request for New Cost-Effectiveness Exceptions

In Order No. 94-590, the Commission outlines specific cost-effectiveness guidelines for energy efficiency measures and programs managed by the program administrators. It is the expectation of the Commission that measures pass the Total Resource Cost ("TRC") test.

Measures that do not pass the TRC test may be included in the programs if they meet one or more of the following additional conditions specified by Section 13 of Order No. 94-590:

- A. The measure produces significant non-quantifiable non-energy benefits. In this case, the incentive payment should be set at no greater than the cost-effective limit (defined as present value of avoided costs plus 10 percent) less the perceived value of bill savings, e.g., two years of bill savings;
- B. Inclusion of the measure will increase market acceptance and is expected to lead to reduced cost of the measure;
- C. The measure is included for consistency with other DSM programs in the region;
- D. Inclusion of the measure helps to increase participation in a cost-effective program;
- E. The package of measures cannot be changed frequently, and the measure will be cost-effective during the period the program is offered;
- F. The measure or package of measures is included in a pilot or research project intended to be offered to a limited number of customers;
- G. The measure is required by law or is consistent with Commission policy and/or direction.

Residential Sector

Welcome Kits

Idaho Power uses a vendor to mail Welcome Kits to new residential customers between 35 and 45 days after electric service begins at their residence. Each kit contains four LED lightbulbs, a nightlight, a greeting card, and a small flip-book containing energy-saving tips and information about Idaho Power's energy efficiency programs. The Company considers the kits an opportunity to expose new customers to energy efficiency concepts and believes kits provide a gateway to engaging residential customers in future energy efficiency activity.

Due to LED lightbulb savings assumptions in Regional Technical Forum ("RTF") workbook version 8.2¹ declining by nearly 90 percent from RTF workbook version 7.1,² the kits are no longer cost-effective under either the Utility Cost Test ("UCT") or TRC test perspective. The Company estimates cost-effectiveness of 0.65 for the UCT, and 0.88 for the TRC test.

As with other energy efficiency educational activity pursued by Idaho Power, the Company believes there may be non-quantifiable energy savings and non-quantifiable non-energy benefits as a result of the educational material included in the kit. The Company also believes the kits not only raise awareness, serving in a marketing capacity, but also prompt action to participate in Idaho Power's other residential energy efficiency offerings. Idaho Power intends to evaluate the reasonableness of allocating a portion of the kit expense to the overall sector marketing administrative expense. This reallocation could improve cost-effectiveness of the kits, while maintaining residential sector cost-effectiveness. In 2019, residential sector cost-effectiveness was 1.90 for the UCT, and 2.29 for the TRC test.

¹ Regional Technical Forum, Residential Lighting Workbook version 8.2:
<https://nwcouncil.box.com/v/ResLighting-v8-2>

² Regional Technical Forum, Residential Lighting Workbook version 7.1:
<https://nwcouncil.box.com/v/ResLighting-v7-1>

Idaho Power recommends this residential measure remain in the Educational Distributions offering to encourage participation in other cost-effective programs as the kit provides initial exposure to energy efficiency offerings. This measure produces non-quantifiable non-energy benefits. This is consistent with Order No. 94-590, conditions A and D.

- A: The measure produces significant non-quantifiable non-energy benefits.*
- D: Inclusion of the measure helps to increase participation in a cost-effective program.*

Rebate Advantage

The Rebate Advantage program helps Idaho Power customers in Idaho and Oregon with the initial costs associated with purchasing a new, energy efficient, ENERGY STAR qualified manufactured home. The program also provides an incentive to the sales consultants to encourage more sales of ENERGY STAR qualified homes and more discussion of energy efficiency with their customers during the sales process. In addition to offering financial incentives, the Rebate Advantage program promotes and educates buyers and retailers of manufactured homes about the benefits of owning energy efficient models.

Rebate Advantage offers incentives on manufactured homes with energy efficiency certified under three paths, ENERGY STAR, The Northwest Energy-Efficient Manufactured Home Program (“NEEM”), and EcoRated. In July 2020, the RTF released workbook version 4.1,³ which Idaho Power will use for savings assumptions in the 2021 program year. RTF workbook 4.1 has three main impacts on manufactured home energy savings from prior RTF workbook version 3.4:⁴ 1) EcoRated home energy savings assumptions are equal to ENERGY STAR and the two will no longer be evaluated separately, 2) overall energy savings are approximately 10 percent lower than workbook 3.4, and 3) non-energy benefits have been removed.

For the 2021 program year, all ten measures offered (five heating and cooling zone combinations for each of the ENERGY STAR and NEEM certification paths) will no longer be cost-effective under the TRC perspective when including administrative expenses. Additionally, the Company notes that while not considered a separate measure in program year 2021, if any EcoRated homes in heating zone 1, cooling zone 3 are incented in 2020, that measure would not be cost-effective under the TRC as evaluated with savings from RTF workbook 3.4.

NON-COST-EFFECTIVE MEASURES:

	Measure	UC Test Ratio	TRC Test Ratio	TRC Test Ratio (ex. admin exp.)
1.	ENERGY Star Homes in HZ 1; CZ 3	1.27	0.58	0.63
2.	ENERGY Star Homes in HZ 2; CZ 1	1.69	0.81	0.92
3.	ENERGY Star Homes in HZ 2; CZ 2	1.69	0.81	0.92
4.	ENERGY Star Homes in HZ 2; CZ 3	1.69	0.81	0.92

³ Regional Technical Forum, New Manufactured Homes and HVAC Workbook version 4.1:
<https://nwcouncil.box.com/v/NewMHandHVACv4-1>

⁴ Regional Technical Forum, New Manufactured Homes and HVAC Workbook version 3.4:
<https://nwcouncil.box.com/v/ResMHNewHomesandHVACv3-4>

5.	ENERGY Star Homes in HZ 3; CZ 1	1.98	0.99	1.17
6.	NEEM homes in HZ 1; CZ 3	1.51	0.45	0.48
7.	NEEM homes in HZ 2; CZ 1	1.94	0.62	0.69
8.	NEEM homes in HZ 2; CZ 2	1.94	0.62	0.69
9.	NEEM homes in HZ 2; CZ 3	1.94	0.62	0.69
10.	NEEM homes in HZ 3; CZ 1	2.25	0.77	0.87
11.	EcoRated Homes in HZ 1; CZ 3* (2020 only)	1.44	0.76	0.85

* cost-effectiveness calculated with RTF 3.4 savings

The Company requests cost-effectiveness exceptions for all Rebate Advantage measures, and will continue to look for opportunities to streamline administrative costs or other program changes to help improve TRC cost-effectiveness. In 2019, six out of the 109 homes incented were sited in Oregon, and five of those six were sited in Ontario, located in heating zone 2, cooling zone 3, on the higher end of the TRC results. Heating zone 2 is where approximately two-thirds of the Company's Oregon customers live, so future participation is likely to be experienced in areas where TRC skews higher. Though RTF workbook 4.1 removed non-energy benefits from the savings assumptions, the Company believes purchasers of energy efficiency manufactured homes continue to receive those non-energy benefits and experience greater comfort provided by those efficiency upgrades. The Company also seeks to maintain consistency in its Oregon service area with DSM programs offered by Energy Trust of Oregon who incents purchase of new ENERGY STAR or NEEM certified manufactured homes. Further, while not cost-effective under the TRC, measures remain cost-effective under the UCT perspective, and Idaho Power has transitioned to the UCT as the primary cost-effectiveness test for its Idaho service area, as ordered by the Idaho Public Utilities Commission in Order No. 34469.⁵ The Company endeavors to maintain consistency in offerings across its service area as is practicable, and intends to continue offering Rebate Advantage in both Idaho and Oregon.

Idaho Power recommends these measures remain in the Rebate Advantage program offering as energy efficient manufactured homes provide non-quantifiable non-energy benefits to residents, inclusion of measures provides consistency in program offering across the Company's service area and DSM programs in the region, and ease of program administration for manufacturers and retailers to improve market acceptance. This is consistent with Order No. 94-590, conditions A, B, and C.

- A. *The measure produces significant non-quantifiable non-energy benefits.*
- B. *Inclusion of the measure will increase market acceptance and is expected to lead to reduced cost of the measure.*
- C. *The measure is included for consistency with other DSM programs in the region;*

Irrigation Sector

Irrigation Efficiency Rewards

The Irrigation Efficiency Rewards Program is an incentive-based program designed to help cover a portion of the costs of designing and installing energy efficiency features into a new

⁵ *In the Matter of the Application of Idaho Power Company for a Determination of 2018 Demand-Side Management Expenses as Prudently Incurred*, Case No. IPC-E-19-11, Order No. 34469, issued on October 31, 2019.

or existing irrigation system. Idaho Power is seeking cost-effectiveness exception approval for two irrigation measures that do not pass the TRC test.

NON-COST-EFFECTIVE MEASURES:

Measure		% of 2019 Program Oregon Savings	UC Test Ratio (ex. admin exp.)	TRC Test Ratio (ex. admin exp.)
1.	New flow control nozzles	0.95%	2.36	0.90
2.	New or rebuilt wheel-line levelers	0.07%	1.02	0.89

In March 2018, the RTF updated the irrigation hardware measure analysis, which resulted in a reduction of savings between 34 to 94 percent from the previous workbook. Despite the reduction in savings, these measures were previously determined to be cost-effective. However, due to updated DSM alternate cost assumptions, the measures are now no longer cost-effective under the TRC test.

In response to the RTF updated irrigation hardware measure analysis, in 2018 Idaho Power requested the RTF to reconvene the irrigation subcommittee to re-examine the assumptions such as leakage and flow rate as well as the calculation methodology behind the irrigation measures. This effort is ongoing, most recently surveying Idaho Power and regional utility irrigation customers on irrigation equipment replacement methods and other operational considerations. The results of the survey were received this fall and are still being evaluated. It is anticipated the irrigation subcommittee will review survey results and determine next steps to re-evaluating the measure savings. If a new workbook is approved, Idaho Power will re-assess the updated savings and determine if a cost-effectiveness exception for any of the measures contained within the program will continue to be necessary or if modifications to the measures offered in the program are appropriate.

The Company plans to continue to include the two measures in its irrigation offerings as they remain cost-effective under the UCT. The Company endeavors to maintain consistency in offerings across its service area, and requests to continue to offer the measures to Oregon customers who may also operate in Idaho, as well as to maintain customer satisfaction. Additionally, the measures produce significant non-quantifiable non-energy benefits tied to water savings because worn and damaged irrigation hardware can result in excess water use for irrigation from overwatering due to leaks and loss of water pressure. Finally, flow control nozzles are currently offered by Bonneville Power Administration (“BPA”), Energy Trust of Oregon, and Rocky Mountain Power (“RMP”), and BPA and RMP also offer the wheel-line levelers.

Idaho Power recommends that these irrigation measures remain in the program offering to encourage participation in a cost-effective program. These measures produce non-quantifiable non-energy benefits and are also offered by other program administrators in the region. This is consistent with Order No. 94-590, conditions A, C, and D.

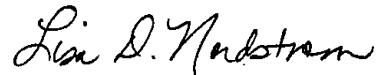
A: The measure produces significant non-quantifiable non-energy benefits.

Filing Center
Public Utility Commission of Oregon
October 30, 2020
Page 6

C: The measure is included for consistency with other DSM programs in the region.
D: Inclusion of the measure helps to increase participation in a cost-effective program.

If you have any questions regarding this filing, please contact Regulatory Analyst Paul Goralski at (208) 388-2608 or pgoralski@idahopower.com.

Sincerely,

A handwritten signature in black ink that reads "Lisa D. Nordstrom". The signature is written in a cursive, flowing style.

Lisa Nordstrom

LDN:slb
Enclosure